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<p>(54) Title: MULTILEVEL MARKETING SYSTEMS</p>												
<p>(57) Abstract</p> <p>Several multilevel marketing systems for advertising, market research, shopping and similar services are described. Participants interact with a computer system to receive advertising, respond to market surveys, or place purchase orders as the case may be. The participants form a network which is administered by a network organiser through the computer system. Each participant is rewarded according to the activity of others who are sponsored as downline participants in the network. The participants are encouraged to continue their own activity rather than simply recruit and sponsor new participants.</p>												

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MULTILEVEL MARKETING SYSTEMS

FIELD OF THE INVENTION

5 This invention relates to multilevel marketing of goods or services, and in particular but not solely to methods of advertising, conducting market research, shopping, or providing similar services, in which participating recipients, purchasers or other entities form a network and benefit from the activity of others in the network. Systems which implement the invention involve a computer platform to and from

10 which communication with the participants is made, typically by way of telephone, facsimile, the Internet, electronic mail or postal mail.

BACKGROUND TO THE INVENTION

15 One existing multilevel marketing system is that operated by Amway in the United States and now generally throughout the world. Members of the Amway system are actively involved in marketing a wide range of domestic and commercial products, including foods, cosmetics and appliances of all kinds. They also sell the system itself, and their respective businesses succeed primarily to the extent that new members can in turn be recruited and motivated to sell products. The system is a legal form of "pyramid" selling in which none of the products move over a counter in a retail store, but are sold by members who make personal contact with their purchasers.

25 Each member is a "sponsor" for subsequent members who join the system as part of that sponsor's business and contribute to his or her profits through their own respective businesses in selling goods or recruiting further new members. Each sponsor has an "upline" beginning with the member from whom they received personal sponsorship, and one or more branching "downlines" beginning with those members whom they in turn have personally sponsored. Crossline from each member are other members having the same personal sponsor. There is no limit to the number or size of a member's downlines and the system is arranged in ever more populated levels of members.

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The upline of each member begins with a link to a first level sponsor, then a second level sponsor who is in turn a first level sponsor of the previous first level sponsor, then a third level sponsor and so on upwards and backwards in time of joining the system, to a small number of initial members. Alternatively, each particular sponsor

5 may be thought of as having one or more first level sponsored members, who are linked to second level sponsored members which are in turn first level sponsored members with respect to the previous first level members, and so on downwards and forwards in time, to a normally large number of the most recently recruited members. The number of levels are theoretically unlimited but in practice depend on the

10 accessibility and availability of interested individuals in the population.

Various computer based systems related to advertising have been the subject of earlier patents. Reference is made by way of example to US 4,752,675 which relates to a method of collecting response data from direct mail advertising, and US

15 4,850,007 which relates to a telephone service in which subscribers may reduce toll costs by listening to or viewing an advertisement when placing a call. Various computer based shopping systems have also been proposed such as that described in US 4,860,123. None of these systems involve a network of participants whose personal activity in receiving advertisements through one medium or another, or

20 through buying products, is credited to other sponsoring participants in the network, and who in turn may sponsor new participants.

SUMMARY OF THE INVENTION

25 It is an object of the invention to provide methods and systems for use in multilevel marketing, whereby a network of participants are individually active in receiving or acknowledging advertising material, responding to market surveys, or in purchasing goods or services. The participants are generally consumers and are not normally concerned with distributing the material or selling products themselves.

30 In broad terms the invention involves providing a computer based marketing system, maintaining a database of participants each of whom is a sponsor for or is sponsored by other participants, and is usually both, interacting with the participants by distributing advertising material, conducting market research, providing a shopping

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service or undertaking similar marketing activities, and rewarding participants according to their personal activity and that of their respective sponsored participants.

5 The invention may be defined by the relationship between a particular new participant and a subsequent new participant who are both active in the network. The former becomes a sponsor for the latter and receives some reward for the latter's specific activity. This same relationship occurs throughout the network between each participant who becomes a sponsor, and each of their first level sponsored participants, or conversely between each sponsored participant and their respective 10 first level sponsor. The relationships and rewards may be extended to multiple levels of participant activity with respect to any particular sponsor, according to a set of rules which is determined by a network organiser.

15 The methods are implemented in a largely automated fashion on a computer system which is operated by the network organiser. Ongoing communication between the computer and the participants is typically made by way of telephone, facsimile, electronic mail, or postal mail. For example, in one embodiment, participants may call an access telephone number and receive messages from a computer voice platform, while in another embodiment, material may be delivered by computer controlled facsimile. In a still further embodiment, participants call the computer 20 system to place shopping orders. Several related methods may be implemented on a single computer and offered to participants in the same network.

BRIEF DESCRIPTION OF THE DRAWINGS

25 Preferred embodiments of the invention will be described with respect to the accompanying schematic drawings, of which:

Figure 1 shows upline and downline portions of a network with respect to a particular participant P1,

30 Figure 2 shows a computer system on which the invention may be implemented,

Figure 3 shows an advertising/market research system as a first embodiment of the invention,

Figure 4 is a flowchart for call processing in the system of Figure 3,

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Figure 5 shows a further advertising/market research system as a second embodiment of the invention.

Figures 6a and 6b are flowcharts indicating message delivery and response processing in the system of Figure 5.

5 Figure 7 shows a shopping system as a third embodiment of the invention,

Figure 8 is a flowchart for call processing in the system of Figure 7, and

Figures 9a, 9b, 9c are flowcharts showing how participant activity may be assessed for a performance interval with corresponding calculation of rewards.

10 DESCRIPTION OF THE INVENTION AND PREFERRED EMBODIMENTS

Systems and methods according to the present invention are based on a network of participating entities, typically individuals although possibly companies or other organisations, who receive advertisements, respond to market surveys, purchase 15 goods or services, or engage in similar activities. A network organiser maintains a database of participants in the network, makes contact with the advertisers, market researchers, suppliers and new participants, and operates a computer system which processes telephone calls from the participants, delivers the advertisements, market surveys, processes responses, passes orders to the suppliers and so on, as the case 20 may be. Most individuals will have joined the network following the recommendation of an existing participant or "sponsor" to whom they become linked as a sponsored participant. They are then encouraged to participate in one or more activities of the network and to recruit new participants for whom they in turn become a sponsor. The activity of each participant is credited to his, her or its 25 sponsors at a number of higher levels, usually by way of direct rewards including cash payments, as will be described.

Various embodiments of the invention may be envisaged, including a system in which participants play an active role in contacting the network organiser to receive 30 marketing material in various forms, or to order a product or service, and a system in which the network organiser automatically distributes advertising or research material to which the participants may or may not respond. A participant in the former system may simply place telephone calls to the computer and listen while an aural advertisement is played back, or may receive a visual advertisement if a video

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capability is available. The material may require an interactive response to questions in a market survey or simply to ensure that the participant is indeed listening or watching. A participant in the latter system may receive marketing material several times a week by facsimile, electronic mail or postal mail. However, it should be noted 5 that the participants themselves are not necessarily involved in distributing the material or products further, and the systems are quite different from Amway and other multilevel marketing arrangements in this regard. Several specific embodiments will be set out in more detail below.

10 Figure 1 shows a small portion of an established network from the point of view of a particular participant P1. Linked upline from P1 is a first level sponsor FLS by whom P1 was introduced to the network, a second level sponsor SLS by whom FLS was introduced to the network and of whom P1 will not necessarily know or be aware, and a hypothetical n'th level sponsor NLS. From the FLS point of view, SLS 15 will be the first level sponsor and NLS will be the n-1'th level sponsor. Ultimately there is an initial sponsor who might be regarded as a founding member of the network and may have special privileges. Crossline from P1 are two other participants P2 and P3 who form part of a group introduced to the network and sponsored directly by FLS. Linked downline with respect to P1 are four first level 20 sponsored participants FLSP1, FLSP2, FLSP3 and FLSP4 who are probably personally known to P1 and who joined the network subsequently to P1. Of these only FLSP1 is indicated as being linked to a second level sponsored participant SLSP, who is first level with respect to FLSP1, an n'th level sponsored participant NLSP, and ultimately one of the latest participants to have joined the network. Participants 25 who seek to join the network without a particular sponsor in mind may simply be allocated to sponsorship by an existing participant. Each participant in the network has a single upline but may have many downlines, and it will be appreciated that only a fraction of the numerous possibilities have been indicated in this figure.

30 If each participant is offered a sufficient incentive to introduce and sponsor new participants the size of the network grows rapidly, and will become increasingly attractive to advertisers, market researchers and vendors. The most effective incentive is to reward each participant according to the activity of their directly or indirectly sponsored participants. For example, rewards could be distributed

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according to the total number of advertisements received by downline participants, to the length of time spent responding to market research, or to the total value of products purchased by those participants. To provide a degree of fairness and encouragement for subsequent participants, however, it will usually be desirable to
5 limit the maximum number of levels from which any particular sponsor may take a reward for subsequent activity by downline participants. It may alternatively or in addition be desirable to limit the maximum number of participants which may be sponsored at each level. For example, rewards could be limited according to the activity of participants no more than six levels deep from the particular sponsor, and
10 each sponsor could be entitled to introduce a group of no more than six first level sponsored participants. In Figure 1 this would mean that P1 could not take credit for activity by the n'th level sponsored participant NLSP unless n was six or less, and could only introduce two more first level sponsored participants who would become FLSP5 and FLSP6. The values chosen for limiting the depth of sponsorship and the
15 size of groups are somewhat arbitrary, and could be 1, 3, 10, 20 and so on, according to the requirements for successful operation of a particular network, but are preferably in the range 5 to 10.

To ensure that each sponsor continues to take part in network activities, the rewards
20 should also depend on the extent of their individual activity. For example, the reward credited to any sponsor may be made proportional not only to a measure of the downline activity undertaken by sponsored participants, but also proportional to a measure of personal activity undertaken by that sponsor him or herself. Existing participants must then contribute more than simply a source of recruitment of new
25 participants. This in turn ensures that the network continues to be an attractive marketing avenue to advertisers, researchers, vendors and other individuals or organisations which must pay the network organiser to have material, products or services distributed to network participants. The activity of each participant is assessed regularly at the end of consecutive performance intervals which are typically
30 several weeks or a month. The impact of variations in personal activity by a particular sponsor can be averaged over several intervals to encourage behaviour that is consistent with long term participation in the network, and also to smooth fluctuations in what could amount to an appreciable income, due to occasional variations in personal circumstances such as an illness or overseas trip. Offering

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prizes in cash, merchandise or some form of credit is another way to provide an incentive for participants to continue with their individual activity. For example, prizes could be offered randomly each month, or to the most active participant in each week. Ongoing activity by each participant rather than simply ongoing recruitment

5 is to be encouraged.

In general terms to be explained further below, a network organiser typically operates a system according to the invention through a computer which is able to communicate with individual participants over a telecommunication system. The network organiser

10 may provide a telephone access number such as an 0800 or 0900 number by which participants may dial directly into the computer to request advertising material, take part in market surveys, place orders for goods or services, or respond to other informational material which has been despatched to them. Callers respond or provide other input to the computer by punching appropriate keys on a conventional

15 telephone keypad according to a voice menu. Direct input through voice recognition may be possible in some systems. Access can also be provided through a home page on the Internet. New participants may join the network by requesting and returning a form containing various personal details, including product categories in which they may be particularly interested to receive information or participate in research, and

20 an indication of an existing participant to whom they are linked as a first level sponsor. If no sponsor is indicated then a new participant may simply be allocated to an existing participant. Either the participant or the sponsor may be required to pay a joining fee. The participant details are typically entered manually on a database associated with the computer and from there the processes of distributing material,

25 monitoring participant activity and delivering rewards are carried out essentially automatically by various software systems. Advertisers, researchers, vendors and other organisations wishing to contribute material for distribution to, or possible purchase by the participants, will reach separate agreements with the network organiser. The rewards paid to participants and financial returns achieved by the

30 network organiser are drawn from fees paid by the advertisers and vendors.

Figure 2 shows general components of a computer system 20 which may be set up by the network organiser to interact with participants by making and receiving calls through a local telephone exchange 21 and for other related purposes such as record

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keeping, calculation and distribution of rewards, and accounts processing. The increasing speed and memory capacity of personal computing systems now available makes it possible to implement the invention quite simply and cheaply, with provision of an appropriate interface 22 having multiple lines to the exchange. The computer system includes a processor 23 and memory 24, a terminal 25 including video screen and keypad, a printer 26 and hard drive memory 27. Software responsible for processing calls and carrying out functions as mentioned above is held in memory 27, which also stores various databases. There will typically be a database of participant records including whatever personal details are required for network activities, a 10 database of advertising or research material which may be transmitted as messages to participants, and a database in which participant responses are recorded in order to prepare reports, dispatch orders and so on, as will be mentioned further below. The network organiser operates the system through terminal 25, entering new participants on the database with appropriate links to existing sponsor participants, 15 entering new advertising or research material or new products which may be available, carrying out monthly assessments of network activity, and generating postal material for participants and reports for advertisers, researchers, and vendors on printer 26. Various other devices may be provided in the system including an additional terminal, a scanner for input of advertising artwork, a backup processor 20 and memory to handle extra calls or assist during periods when processor 23 may be inoperative. The general makeup and function of computer systems of this kind will be familiar to a skilled reader and need not be described further.

The network organiser is responsible for day to day operation of the computer and 25 maintenance of the software and databases. It communicates with the various advertisers, vendors and researchers who wish to operate through the network and effectively provides a service to these individuals or organisations. It will also normally be involved with promotional and training meetings for new participants in the network and in determining the various kinds and magnitudes of reward which 30 will be passed on to sponsors. It is also responsible for general policies of operation, for developing and enforcing rules of membership and termination for the participants, and may play some role in controlling the general nature of material or products which are distributed by the advertisers and vendors. For example, there may be minimum age or other restrictions on participants, and limitations on

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offensive or otherwise undesirable advertising material which might be supplied for distribution. Further, there will normally be strict rules on the manner of recruitment of new participants and on any private agreements between participants. The network will also not necessarily be limited to participants having residence in a single country. A sponsor may well seek to introduce friends or relatives from foreign countries and the network organiser will be entitled to make and vary membership rules regarding participants in particular countries.

Termination of membership and participation in the network may be voluntary or involuntary and requires special provisions in the rules. Participants may leave the network voluntarily at any time with appropriate advance notice to the network organiser, or may simply allow their membership to lapse in cases where a regular renewal fee must be paid. Membership may also be revoked by the network organiser for a sufficiently serious breach of the rules by a particular participant. Termination will usually leave an inactive "hole" in the network which may be accommodated or eliminated in various ways. In networks where there is no limit on the number of levels from which a sponsor may take rewards for downline activity, the existence of a hole will not be of great concern to the sponsor and no rearrangement of the network will be necessary. In networks where the number sponsored levels is limited but the number of sponsored participants in a group at any level is unlimited, it will be possible to elevate every level in the group of downlines which begin with the missing participant. For example in Figure 1, a hole left by termination of the membership of P1 may be eliminated by elevating each of FLSP1, FLSP2, FLSP3 and FLSP4 from second to first level sponsored participants linked directly to FLS. SLSP remains first level with respect to FLSP1 but moves from third to second level with respect to FLS. A termination of membership by P2 who has no downline participants is readily accommodated by FLS simply recruiting a new first level participant under the usual rules.

However, in networks where the number of levels and the number of participants in each level from which a sponsor derives a reward for downline activity is limited, this being the fairer system as mentioned above, rearrangements of this kind may or may not be permitted. If they are permitted then some sponsors may seek to profit by encouraging some of their downline sponsored participants to leave the network, and

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thereby achieve an effectively expanded source of rewards. If they are not, then a sponsor may find the benefit of his or her position in the network being unavoidably eroded by terminations which take place through no fault of his or her own. Special rules are needed to ensure that the rewards of any sponsor are not unduly depleted or 5 amplified by terminations under these circumstances. For example, the elevation of first level sponsored participants FLSP1 to FLSP4 following termination by P1 could become sequential, with FLSP1 taking the place of P1 in priority over the others, and with similar rearrangements taking place downline of FLSP1 where required. In general however, it is impossible to ensure that every sponsor is treated equally 10 following a termination and the network organiser is responsible for the policies which may be adopted in this aspect of network operation.

Three preferred embodiments of the invention will now be described, relating to an advertising/market research system in which network participants make calls to a 15 telephone access number and receive audible advertisements or participate in surveys, a system in which marketing material of either kind is automatically distributed to participants by facsimile and to which they may or may not respond, and a shopping system in which participants place purchase orders using a telephone access number. Each system is best implemented using a computer having a connection to a 20 telecommunication network over which automated telephone, facsimile, or Internet related communications and interactions with participants may be carried out. Each system will also usually employ common general methods for assessing the activity of participants over the latest performance interval and for determining the rewards which will be delivered to sponsors, although in practice the systems will differ in 25 detail. All three systems could be offered simultaneously from the same computer to a common network of participants or to partially overlapping networks of participants.

Figure 3 is a highly schematic diagram showing principal entities involved with the 30 first of these preferred embodiments and their general relationship to one another. The embodiment is method of advertising and/or conducting market research presented in terms of particular participant 300 who forms part of a large network 320 of the kind described in relation to Figure 1, and has an upline link to one or more sponsors 310 who take some reward for that individual's activity. The method is

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implemented on a computer system 330 of the kind described in relation to Figure 2, including hardware, software and database information, operated by a network organiser 340. Advertisers or researchers 350 supply the network organiser with audible and possibly visual marketing material which is placed on the computer system in an appropriate message database for delivery to participants in the network. 5 The network organiser charges a fee to each advertiser/researcher, typically according to the volume of material and the number of individuals who actively receive it, although various charging schemes maybe arranged in practice. Participant 300 by way of example, places a telephone call to the computer system using one of several 10 access numbers and a home telephone or computer terminal 360. They reach a voice platform to listen and perhaps also view selected advertisements for a period of several minutes, or work through a session of automated survey questions, and repeat this activity several times a month. The calls are routed through a local exchange 370 which is part of a larger telecommunication system 375 and may be placed nationally 15 or even internationally in a widely spread network of participants. On receiving a call the computer system checks 380 a database of existing participants and delivers 382 appropriate material from the message database as will be described further below. The individual's activity is recorded 384 in the participant database and at the end of 20 an assessment interval the system determines and distributes rewards 390 and 395 for the participant and sponsors according to the network rules.

Figure 4 is a flowchart setting out steps taken by the computer system in Figure 3 when receiving calls from participants and delivering messages by way of advertising or market research. A call is received 400 on one of several telephone lines and 25 possible access numbers from the local exchange. The caller is asked by a voice platform on the system to enter identification such as a name or membership number using the telephone keypad, and their status as a member of the network is checked 410. A password, PIN or other personal form of identification is then requested and this also is checked 420 before access is permitted and recorded. Voice recognition 30 may alternatively be possible at this stage. Once their status is confirmed the caller is offered a menu of options 425 including the usual activities of receiving advertising messages 430 or responding to a market survey 440, for which rewards are given. Other possible options include requests for messages on topics which are selected by the caller and which may or may not generate rewards, requests for information 450

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concerning the caller themselves or about the network in general, and simply terminating the call 460 with an appropriate message. When requesting advertising messages 430 the caller will be usually be advised regarding details such as a maximum number of messages which may be delivered and credited to them during

5 that call or day. The system then proceeds to deliver a message 432, record the delivery 434, and offer an option 436 to continue or terminate the call at that point. For involvement with a market survey session 440, a number of messages prescribed by a researcher are played 442, these being typically questions to which the caller must respond 444. Survey sessions will be selected by the system according to

10 personal details which have been provided by the caller. Once a survey has been completed 446, the activity is recorded 448 and the caller is returned to the main menu 425. When providing information for the caller 450, a submenu is once again offered 452, advice is given 454, perhaps relating to the caller's group of sponsored participants for example, and the call is returned to the main menu.

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Figure 5 is a highly schematic diagram showing the main entities involved with the second preferred embodiment and their general relationship to each other. This embodiment is also a method of marketing best presented in terms of a particular participant 500 who forms part of a large network 520 of the kind which has already

20 been described and has upline links to one or more sponsors 510 who receive rewards for that individual's activity. The method is implemented on a computer system 530 of a kind which has also been described, including hardware, software and databases, operated by a network organiser 540. Advertisers and market researchers 550 supply the network organiser with advertising and survey material of a generally textual or

25 graphical nature for delivery to participants in the network. The network organiser charges a fee to the advertisers/researchers according for example, to the volume of material which is delivered to participants. On joining the network each participant is asked to provide information about themselves as to the kind of advertising material they wish to receive or research in which they wish to participate. Appropriate background criteria can then be determined and stored in the participant database.

30 A facsimile number or email address for receipt of material is also provided by the participant. Selection and delivery of messages is then carried out automatically by the computer system on a daily or perhaps hourly basis as described below. In this example, participant 500 is selected 580, usually along with many others, for delivery

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of a particular advertising or research message according to the stored criteria. The message is delivered 582 through a telephone exchange 570 to the participant's facsimile machine or computer terminal 560 and the delivery is recorded 584. Each participant may respond to the computer system, typically by telephone as will be 5 described below, and return a specific item of information from the message for verification. Responses may also be made by email or post for example, but these must be manually processed by the network organiser. The computer system checks 586 the participant database and records 588 each response. A summary of the individual's activity in receiving and responding is ultimately recorded in the 10 participant database and at the end of an assessment interval the participant and sponsors rewards are calculated 590 and 595 for distribution in an appropriate form.

15 Figures 6a and 6b are flowcharts setting out steps taken by the computer system in Figure 5 when delivering messages to participants and receiving corresponding responses. In Figure 6a a new advertising or research message may just have been added to the system by the network organiser. A research message may include several specific questions. This message is selected 600 and categorised for delivery to participants according to their background criteria. A response code is added 610 to the message for use by the responding participants. The system then begins 20 working 620 through the participant database and selecting appropriate individuals to whom the message will be transmitted. For each such individual the message is transmitted 624 typically by facsimile, but may alternatively be despatched by email or even printed and delivered by ordinary postal mail for example. The transmission 25 is recorded 626 and the system continues until the entire database has been scanned 628 and there are no further participants for whom the message is appropriate. Eventually the process terminates 630 and may or may not be repeated for that particular message at a later date. In Figure 6b the computer system is receiving a 30 call from a participant in response to delivery of the message. The call is received 650 on one of the available telephone lines in a similar manner to the process in Figure 4. Once again membership is checked 655 and a confidential form of identification is requested 660 for confirmation. A menu of options is then offered 665 to the caller including the usual activity of responding with verification that the message has been received 670, provision or updating of information 680, or

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termination of the call 690. When proceeding to verify a message 670, the caller is asked to input 672 the response code mentioned above and the response is recorded 674, before the caller is returned to the main menu. Providing information for the caller 680 is carried out by way of a further menu 682 in which the system may allow 5 the possibility of updating those criteria on which the messages are selected for delivery. For example, the caller may now wish to receive or exclude messages relating to particular categories of goods or services. The requested or updated information is advised to the caller before return 684 to the main menu.

10 Figure 7 is a further highly schematic diagram showing the main entities involved with the third preferred embodiment of the invention. The embodiment is a method of shopping presented again in terms of a particular participant 700 who forms part of a large network of participants 720 as described in relation to Figure 1, and has one or more sponsors 710 in the network who receive rewards for their sponsored 15 participant's activity. The method is implemented on a computer system 730 such as shown in Figure 2 including hardware, software and database arrangements operated by a network organiser 740. Suppliers 750 who may be advertisers in one of the previous embodiments, pay a fee and provide the network organiser with information relating to various goods or services which may be ordered by the participants 20 through the computer system. The network organiser regularly distributes a catalogue to the participants containing this information which may include photographs, technical details, prices, ordering codes and so on, as would be found in a mail order brochure. Participant 700 who receives the catalogue may then place a telephone call to the computer system through an access number, and make an order for purchase 25 of one or more products using a home telephone or computer terminal 760 for example. Calls reach the computer system through a local telephone exchange 770, perhaps coming from elsewhere through a national telecommunication system or even internationally if the network is sufficiently widely spread. The participant details are checked 780 against the database information before the activity is recorded 782, 30 as will be described below, and an order is transmitted 784 to the appropriate supplier. The supplier who is not part of the shopping system 730 checks the order in turn and despatches 786 the required goods or services to the participant. At the end of an assessment interval, typically a month, the computer system calculates

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appropriate rewards related to the participant's purchasing activity and these are distributed 790 and 795 to the participant and his or her sponsors as appropriate.

Figure 8 is a flowchart setting out steps taken by the computer system in Figure 7 when receiving calls from participants and taking their orders for products to be delivered by the suppliers. A call is received 800 on any one of the several phone lines using a telephone access number at the local exchange and the computer system responds in the same manner to that described in the previous embodiments. The caller is asked by the voice platform to provide 810 their membership number and this is checked 820 against a password or PIN. Voice recognition may be possible at this stage as an alternative. The caller is then offered a main menu 825 which will include options to place an order for goods or services 830, cancel an order 840, select a method of payment 850, select a method of delivery 860, or simply terminate the call 870. Other options such as a request for information may also be offered as explained in previous embodiments. An order is placed 830 by entering a product code 832 from the catalogue distributed by the network organiser, which is confirmed 834 by the computer system as to availability and price. An order number is then issued 836 to the caller for future reference in case of any query or need to cancel which may arise. The participant activity is recorded 838 for determination of rewards for the current performance interval. An option to select methods of payment and delivery may then be offered from the main menu as variations on default arrangements which would otherwise be employed. These variations would normally be explained in the catalogue or may be arranged separately as standard for a given participant. The option to cancel 840 requires a caller to input the related order number 842, and this is checked before the cancellation is confirmed 844. The previously recorded participant activity must be deleted 846. The choices of payment 850 and delivery 860 are offered in further menus 852 and 862. For example, the particular purchase may be debited immediately to a credit card, or required later with payment by cheque when the goods are received. The goods may be delivered by post or courier, or perhaps received by the caller on a preferred day in the case of a service. Some details are required as input 854 and 864 in most cases. Orders are transmitted to the suppliers in batches at the end of each day by electronic data interchange, facsimile, post or otherwise as appropriate for each supplier.

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Figures 9a, 9b and 9c are flowcharts of general relevance to each of the three preferred embodiments, indicating preferred methods of crediting participant activity to the participants themselves and to their sponsors, and ultimately to the calculation of rewards. The activity may be measured in various ways such as minutes of time

5 spent listening or responding to advertising or research material in the first embodiment, number of advertisements or other messages delivered which received a response in the second embodiment, or value of products ordered in the third embodiment. In each case the activity is monitored and recorded by the computer system and used to calculate rewards according to the network rules. In Figure 9a,

10 an individual participant's activity is determined for the latest performance interval which is typically a month. The calculation is initiated 900 by the network organiser and every individual in the participant database is 905 consecutively selected for consideration. The individual's total activity for the interval is calculated 910, such as total listening time. A rolling average including previous intervals is usually

15 calculated 915, to smooth fluctuations in activity due to personal circumstances and encourage continuous activity. Activity over the current and previous three months might be averaged as listening time per month for example. The average is stored 920 as the credit due to the individual for their personal performance. Once the entire database has been scanned 925 the information may be provided 928 for the

20 participants as part of a mailed report or for access on request to the computer system.

In Figure 9b each participant's activity is assessed for the credit which is due to the upline sponsors. The calculation is initiated 930 either following or in conjunction with the calculation of Figure 9a. Each individual in the database is successively selected 935 for consideration, and his or her contribution which will be credited to the performance of respective sponsors is determined 940. The network rules will usually specify a maximum number nmax of sponsors linked to the participant at higher levels in the network to which credit will be given, as discussed in relation to Figure 1. A counter n is initially set to zero and incremented as ever higher sponsors

25 are considered until this limit is reached typically at nmax=6. Every participant in the network will normally be linked to first, second and higher level sponsors except those who are considered as founding members or are within a few levels of sponsorship of a founding member. The existence of a next higher level sponsor of

30 the participant currently under consideration 935 is repetitively determined 945 and

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the individual identified 950. The credit which they are due as sponsor of the particular participant is stored 955. This loop is repeated 960 until nmax has been reached. The database is scanned until the sponsors of every participant have been credited in this fashion 965. Each participant is advised 970 of the credit which they 5 have received from the activity of their sponsored participants either automatically or on request.

In Figure 9c, rewards are finally determined for each participant after the current performance interval. This process is initiated 980 following those of Figures 9a and 10 9b. Again the database is scanned 982 and every participant is considered. Credit for their personal activity is determined 984 and for that of their downline sponsored participants 986. A calculation 988 combining these credits may be carried out in various ways, such as by simply adding the value of products purchased by all the relevant participants, and perhaps weighting the personal activity more heavily than 15 that of the sponsored participants. In general, although not necessarily, the computer system will not acknowledge credit to a participant from sponsored participants unless there has also been some personal activity during the latest performance interval or rolling averaged interval. This ensures that individual participants remain substantially involved in network activities rather than becoming overly dependent 20 on the performance of their sponsored participants, as explained above. Ultimately a reward is calculated for the particular participant, typically in cash. An example calculation is given below for a marketing system according to the first embodiment by way of clarification. Once the entire participant database has been scanned 990 and a calculation made for each participant, the individual rewards are distributed 995 according to the network rules. Rewards calculated as cash amounts are usually paid 25 directly into a bank account designated by the participant on joining the network, or may be realised for example, as a discount on products purchased in a shopping system of the kind described in the third embodiment above.

30 Reward calculations for a possible advertising system set up according to the first embodiment will be given by way of example. In this system participants can earn up to three cents for each minute of advertising or survey message time to which they and their sponsored participants listen during a calendar month. The potential reward for each participant is calculated by simply adding the individual times to determine

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5 a total listening time which will be credited to the participant, and multiplying this total by three cents. A percentage of the potential reward is then paid to the participant according to their respective "performance score" which is in turn determined by their level of personal activity. The following table indicates firstly the maximum numbers of sponsored participants linked at each level downline from a given participant which may form a group from which the participant may receive credit. This system assumes a maximum of six sponsored participants linked per level for up to six levels which are the preferred limits mentioned above.

10

Level	Members Per Level	Total Members
1	6	6
2	36	42
3	216	258
4	1,296	1,554
5	7,776	9,330
6	46,656	55,986

15

20 Performance scores are based on the number of listening sessions completed by the participant during the month, each comprising a predetermined sequence of advertising or survey messages up to about 10 minutes in duration. The sequence is usually tailored for the particular participant based on information which they provide and update. Advertising and market research is thereby targeted at interested participants. An example of the relationship between number of sessions and the 25 performance score is given in the following table.

30

Completed Sessions	Performance Score
8	100%
7	85%
6	60%
0-5	0%

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5 A performance score for the current month is determined from a rolling average of scores for a predetermined number of previous months. An example of the averaging process using a four month cycle is given in the next following table, where a typical 10 participants' progress from their first month of activity after joining the network has been indicated. The percentage of the potential reward paid for the first month is determined by that month's performance score itself, while the percentage for the second month is an average of the first and second months and so on, with the current sixth month percentage being determined as average from the third, fourth, fifth and 15 sixth months.

Month	Completed Sessions	Performance Score	Percentage Total Paid
1	6	60%	60%
2	8	100%	80%
3	8	100%	87%
4	2	0%	65%
5	7	85%	71%
20	7	85%	68%

15 An example reward calculation is given in the final following table. The total listening time for the participant and his downline sponsored participants in the 20 network during the current month is 2557 minutes. Given a performance score of 25 79.7% for the current month a reward of \$61.14 is consequently calculated and paid to the participant.

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Total listening time of Group in minutes	2,557
Payment per minute	3 cents
Total potential reward	\$76.71
Percentage of total paid	79.70%
Actual Reward	\$61.14

5

Advertising, research and shopping systems according to the present invention become increasingly attractive to both vendors of goods and services, and to 10 participants, as the size of the network grows. The material is targeted to a growing number of interested recipients who themselves benefit through ease of access to product information, and from individual cash rewards based on their own activity. Various embodiments of the invention have been described and these may be combined in whole or in part with each other, or implemented separately. The spirit 15 and scope of the invention should be considered as limited only by the following claims.

CLAIMS

1. A method of carrying out marketing activities comprising: providing a computer based communication and database system; maintaining a database of participants on the system each being a sponsor for and/or sponsored by other participants; interacting with the participants through the system by distributing advertising material, conducting market research, providing a shopping service or like activities; and rewarding participants according to their individual interactions with the system and/or those of their respective sponsored participants.
5
2. A method of advertising wherein participating recipients form a network and become sponsors for other participants who join the network, comprising:
 - (a) entering a participant on a database of recipients in the network,
 - 15 (b) providing access for the participant to receive advertisements from a computer delivery system,
 - (c) recording a plurality of accesses by the participant to the delivery system,
 - (d) delivering one or more advertisements to the participant during at least some of the accesses recorded in (c),
 - 20 (e) entering a further participant on the database,
 - (f) linking the participant in (a) as a first level sponsor to the participant in (c),
 - (g) repeating (b), (c), (d) for the participant in (e), and
 - (h) rewarding the first level sponsor in (f) in relation to the advertisements which are delivered to the participant in (e).
25
3. A method according to claim 2 further comprising:
 - (e) entering a plurality of further individuals on the database,
 - (f) linking the individual in (a) as a first level sponsor to each individual in (e),
 - (g) repeating (b), (c), (d) for the plurality of individuals in (e), and
 - 30 (h) rewarding the first level sponsor in (f) in relation to the advertisements which are delivered to each of the individuals in (e).
4. A method according to claim 3 further comprising:

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(h) rewarding the first level sponsor in (f) only in relation to the advertisements which are delivered to a predetermined number of the individuals in (e).

5. 5. A method according to claim 2 further comprising:

5 (f) linking each n'th level sponsor linked to the individual in (a) as an n+1'th level sponsor to the individual in (e), and
(h) rewarding each sponsor in (f) linked to the individual in (e) in relation to the advertisements which are delivered to the individual in (e).

10 6. A method according to claim 5 further comprising:

(h) rewarding only those sponsors in (f) which are linked to the individual in (e) up to a predetermined level, in relation to the advertisements which are delivered to the individual in (e).

15

7. A method of conducting market research wherein participants form a network and become sponsors for other participants who join the network, comprising:

(a) entering a new participant on a database of participants in a computer system,
(b) providing access for the participant to receive and respond to messages from the computer system during research sessions,
(c) recording a plurality of accesses by the participant and corresponding research sessions with the computer system,
(d) delivering one or more messages to the participant during at least some of the sessions recorded in (c),

20 (e) entering a further new participant on the database,
(f) linking the participant in (a) as a first level sponsor to the participant in (c),
(g) repeating (b), (c), (d) for the participant in (e), and
(h) rewarding the first level sponsor in (f) in relation to the sessions which are recorded for the participant in (e).

25

30 8. A method of distributing marketing material wherein participating recipients form a network and become sponsors for other participants who join the network, comprising:

(a) entering a participant on a database of recipients in the network,

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- (b) determining criteria by which messages may be selected for delivery to the participant,
- (c) delivering a plurality of selected messages to the participant,
- (d) recording responses by the participant to messages which are delivered in (c),
- 5 (e) entering a further participant on the database,
- (f) linking the participant in (a) as a first level sponsor to the individual in (e),
- (g) repeating (b), (c), (d) for the participant in (e), and
- (h) rewarding the first level sponsor in (f) in relation to the messages which are delivered to, and the responses which are made by, the participant in (e).

10 9. A method according to claim 8 further comprising:
(c) delivering the material by telephone, facsimile, electronic mail, or postal mail.

15 10. A method according to claim 8 further comprising:
(d) receiving responses made by the participant over a telecommunication system.

11. A method according to claim 8 further comprising:
(i) charging marketers according to the quantity of advertising or market research material which is delivered to participants in the network.

20 12. A method of providing a shopping service, wherein individual participants form a network and become sponsors for others who join the network, comprising:
(a) entering a new individual on a database of participants in the network,
(b) providing access for the participants to place shopping orders with an ordering system which operates over a telecommunication system,
25 (c) recording one or more orders placed by the individual,
(d) arranging delivery of the orders placed in (c),
(e) entering a further individual on the database,
(f) linking the individual in (a) as a sponsor of the individual in (e),
30 (g) repeating (b), (c), (d) for the individual in (e), and
(h) rewarding the individual in (a) according to the orders which are placed by the individual in (e).

13. A method according to claim 12 further comprising:

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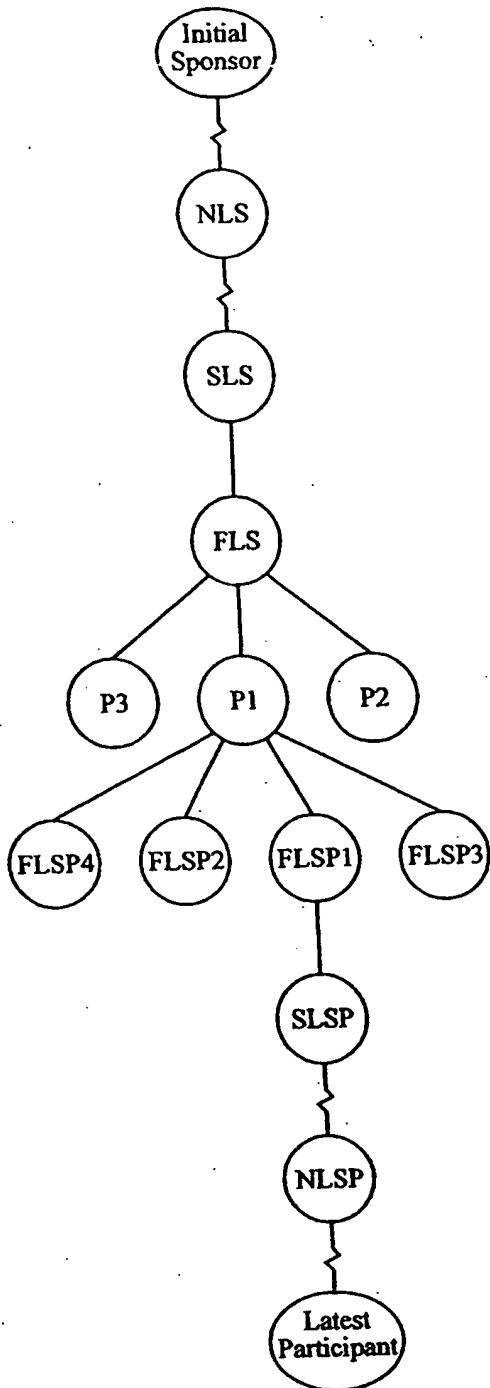
- (i) linking the participant in (a) as sponsor of up to a maximum number of further participants which join the network, and
- (j) rewarding the participant in (a) according to the orders which are placed by each sponsored participant in (i).

5

14. A method according to claim 12 further comprising:

- (k) awarding prizes to participants in the network depending on their respective number of orders placed.

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**Figure 1**

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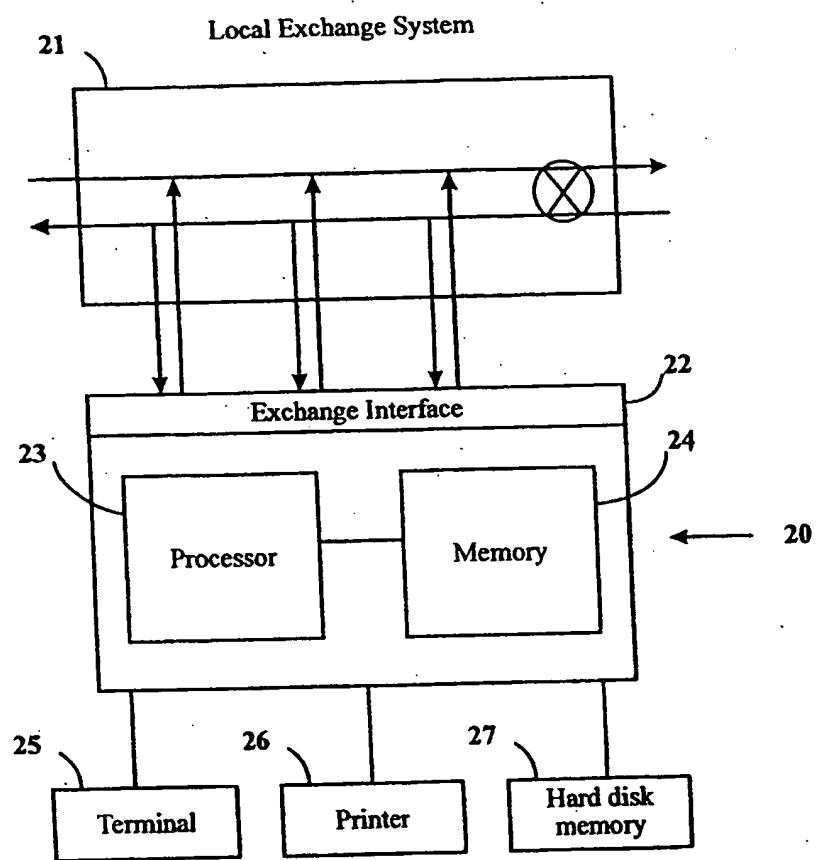


Figure 2

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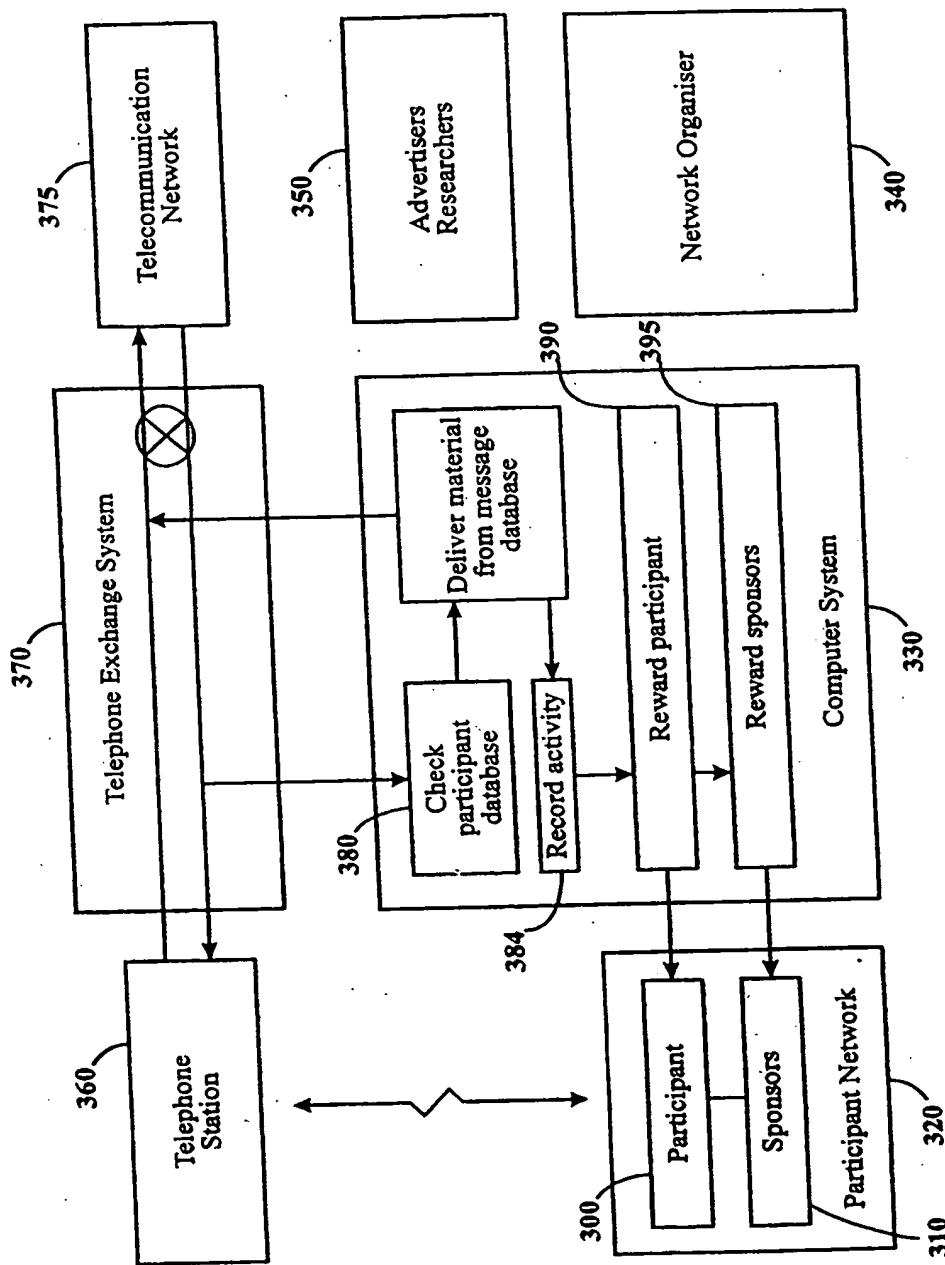


Figure 3

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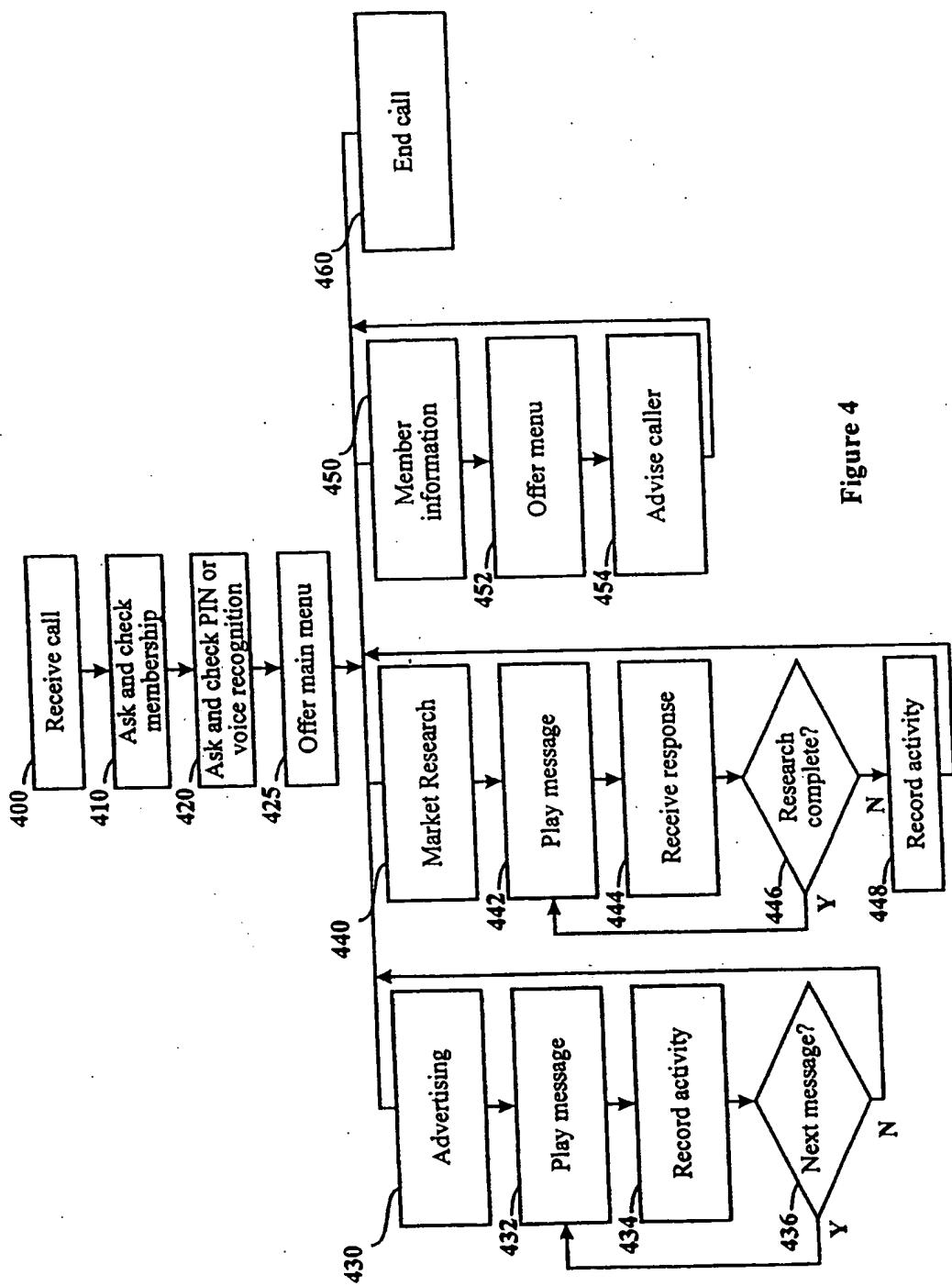


Figure 4

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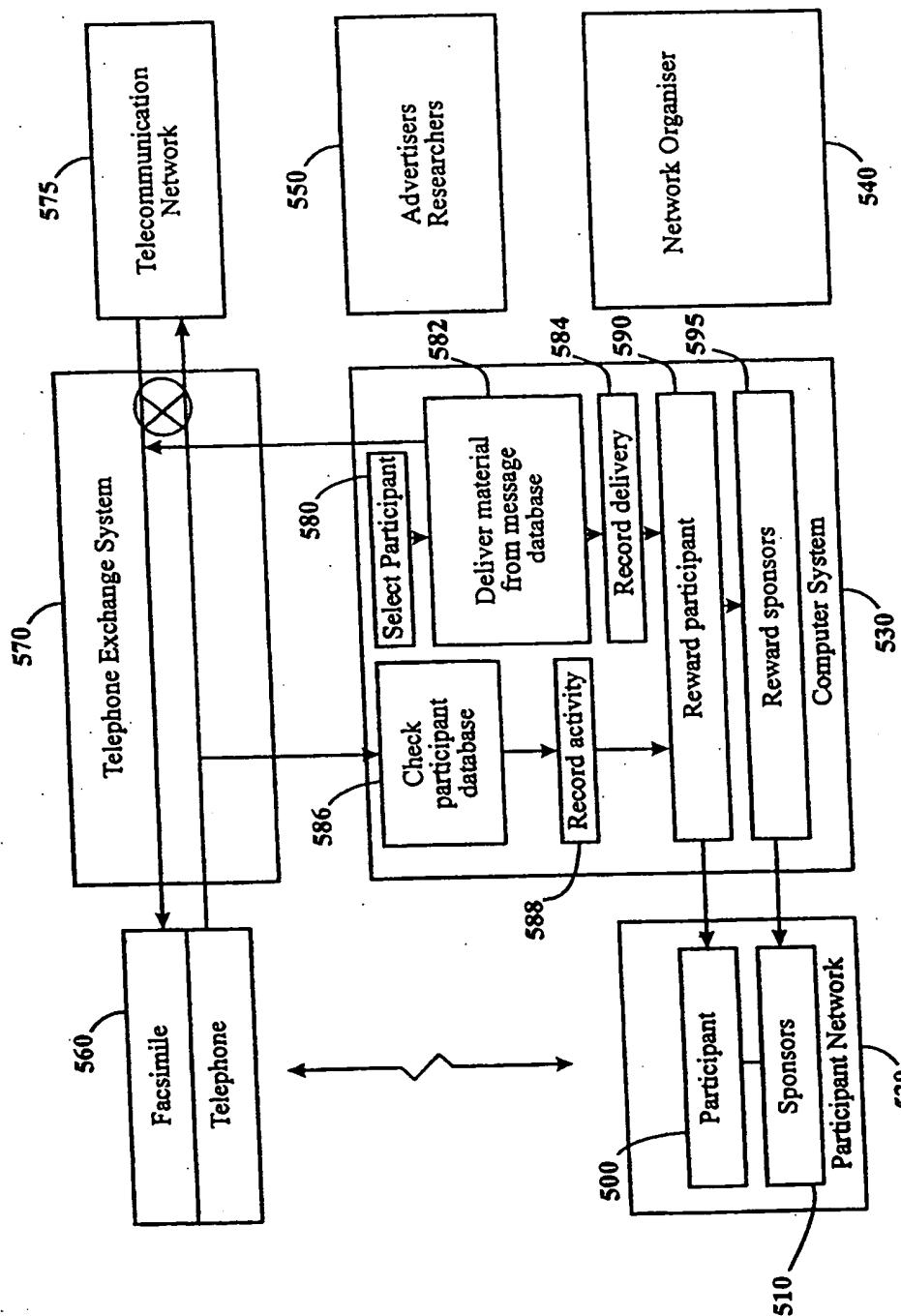


Figure 5

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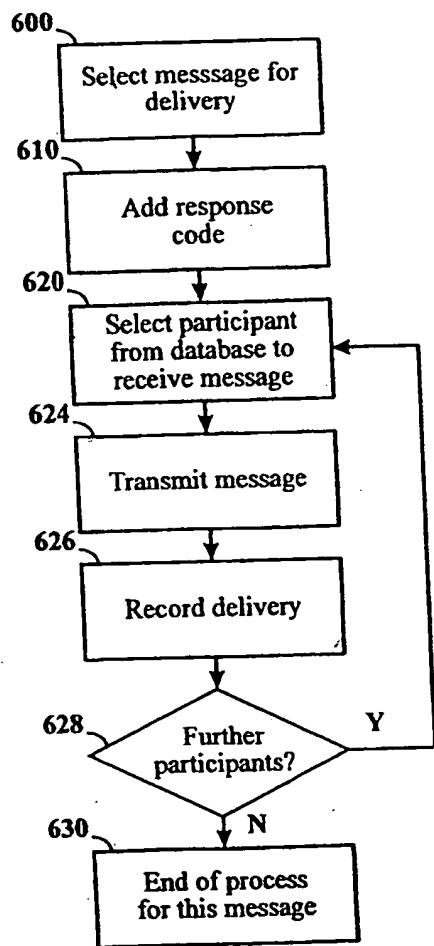


Figure 6a

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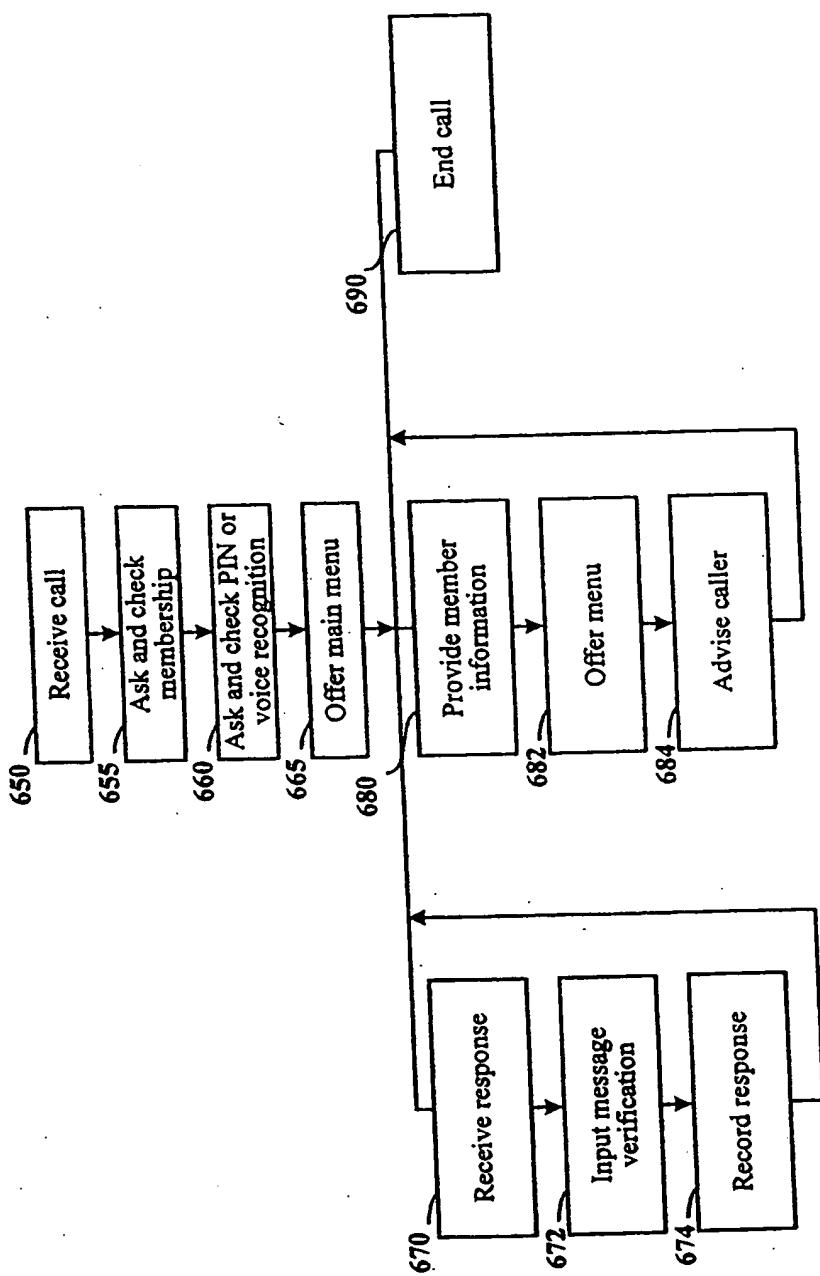


Figure 6b

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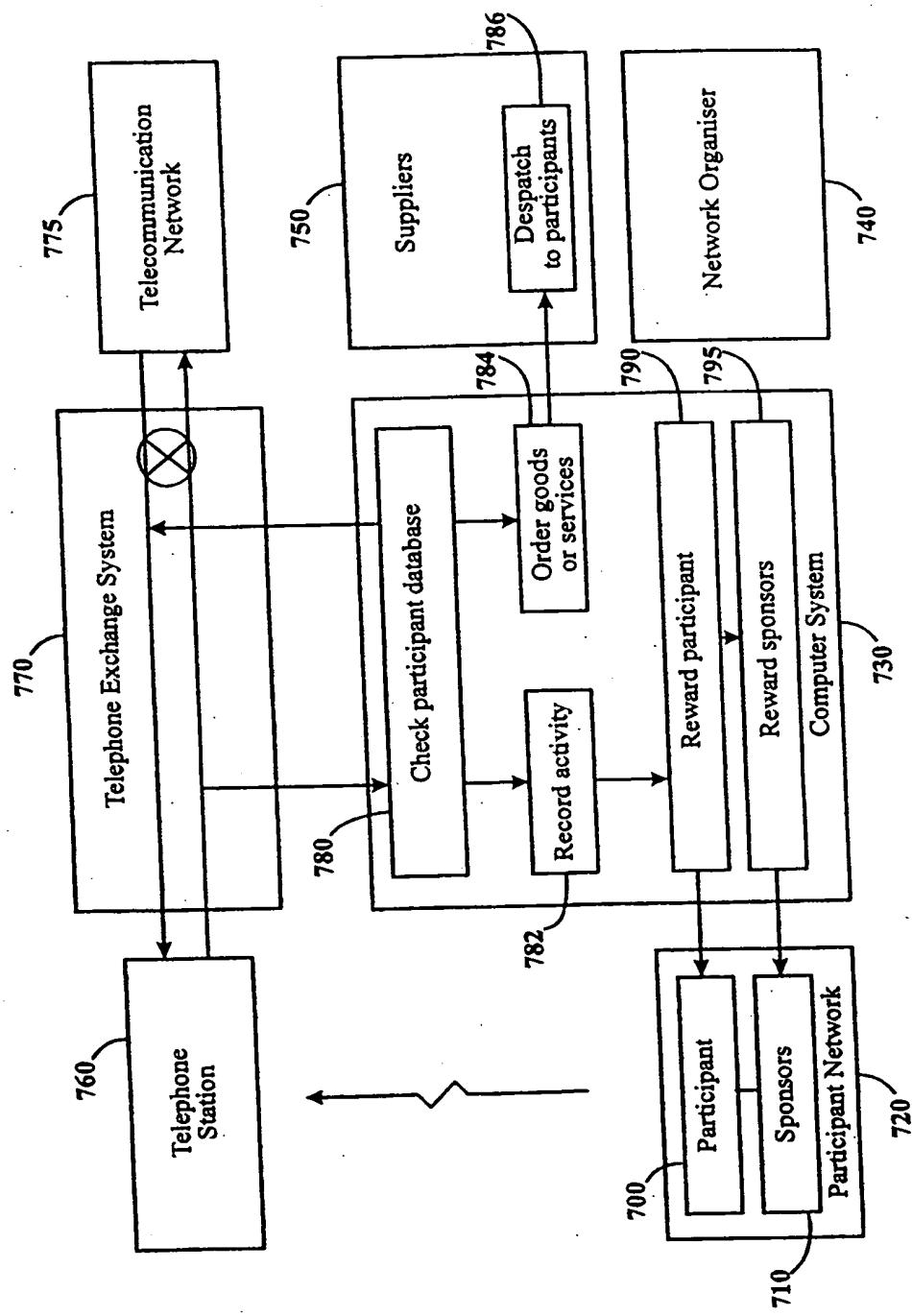


Figure 7

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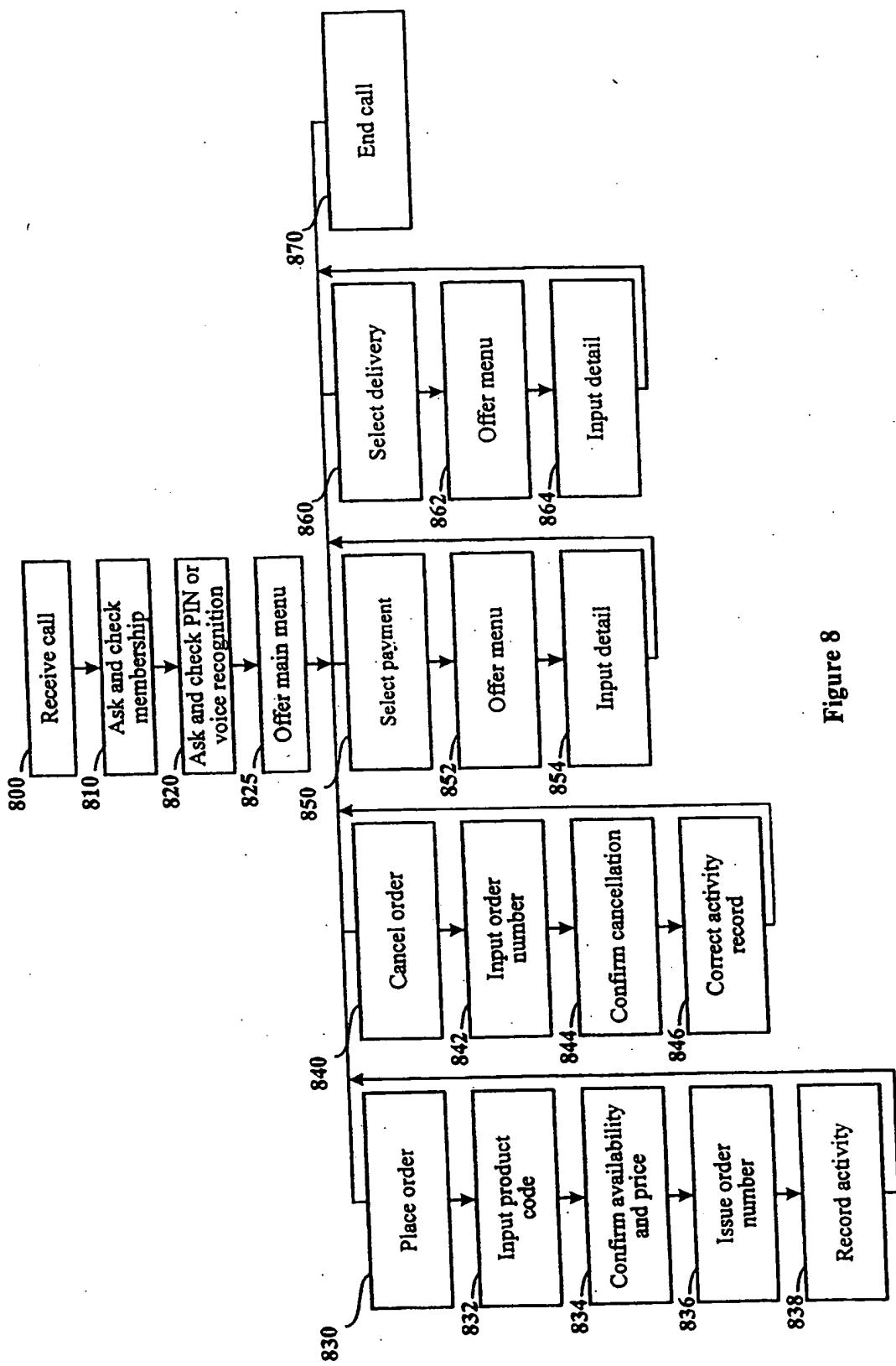


Figure 8

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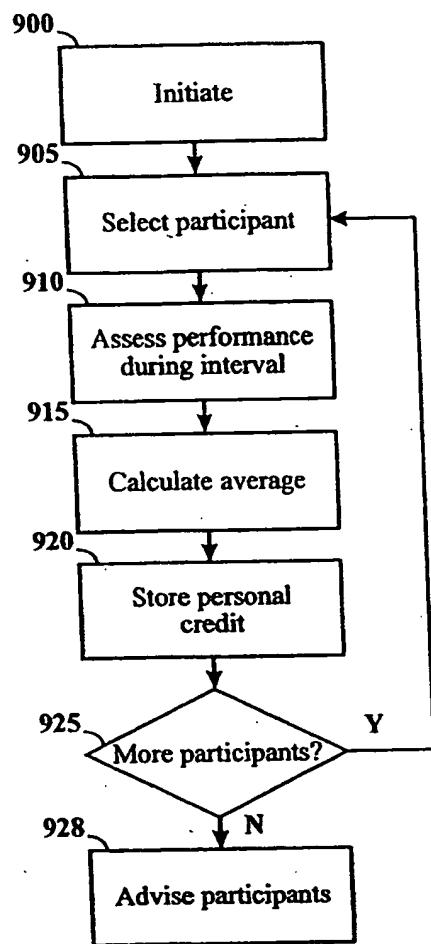


Figure 9a

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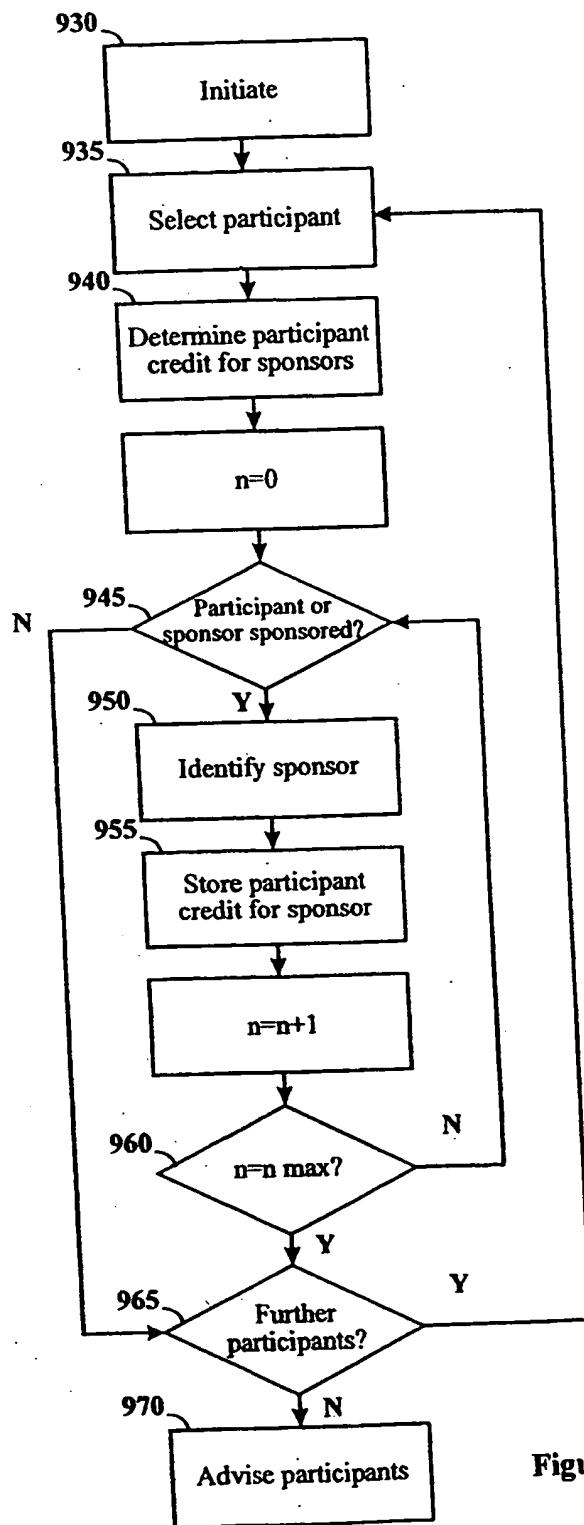


Figure 9b

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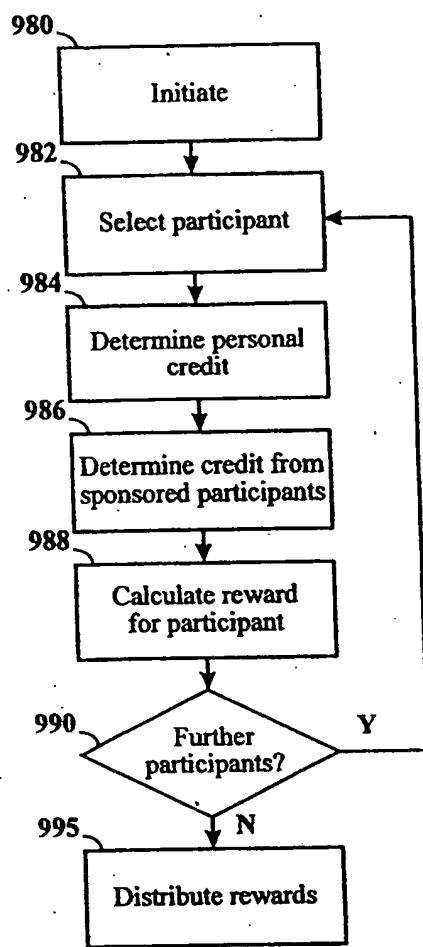


Figure 9c

INTERNATIONAL SEARCH REPORT

Internat Application No
PCT/NZ 96/00046

A. CLASSIFICATION OF SUBJECT MATTER
IPC 6 G06F17/60

According to International Patent Classification (IPC) or to both national classification and IPC

B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

IPC 6 G06F

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practical, search terms used)

C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X	WO,A,94 04979 (START) 3 March 1994 see page 1, line 18 - line 22 see page 4, line 30 - page 6, line 9 -----	1,2
A	GB,A,2 206 265 (AT&T) 29 December 1988 see abstract	8,9
A	& US,A,4 850 007 (MARINO ET AL) 18 July 1989 cited in the application -----	
A	EP,A,0 308 224 (MERIDIAN ENTERPRISES INC) 22 March 1989 see claims -----	12

Further documents are listed in the continuation of box C.

Patent family members are listed in annex.

* Special categories of cited documents :

- *A* document defining the general state of the art which is not considered to be of particular relevance
- *E* earlier document but published on or after the international filing date
- *L* document which may throw doubt on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)
- *O* document referring to an oral disclosure, use, exhibition or other means
- *P* document published prior to the international filing date but later than the priority date claimed

- *T* later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention
- *X* document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone
- *Y* document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art
- *&* document member of the same patent family

Date of the actual completion of the international search

30 August 1996

Date of mailing of the international search report

02.10.96

Name and mailing address of the ISA
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Fax (+31-70) 340-3016

Authorized officer

Pottiez, M

INTERNATIONAL SEARCH REPORT

International application No.

PCT/NZ96/00046

Box I Observations where certain claims were found unsearchable (Continuation of item 1 of first sheet)

This international search report has not been established in respect of certain claims under Article 17(2)(a) for the following reasons:

1. Claims Nos.: because they relate to subject matter not required to be searched by this Authority, namely:

2. Claims Nos.: 2-14 because they relate to parts of the international application that do not comply with the prescribed requirements to such an extent that no meaningful international search can be carried out, specifically:
Method for doing business (Rule 39.1(1)(i)).
Advertising and market research method wherein participating recipients form a network and become sponsors for other participants who join the network.

3. Claims Nos.: because they are dependent claims and are not drafted in accordance with the second and third sentences of Rule 6.4(a).

Box II Observations where unity of invention is lacking (Continuation of item 2 of first sheet)

This International Searching Authority found multiple inventions in this international application, as follows:

1. As all required additional search fees were timely paid by the applicant, this international search report covers all searchable claims.

2. As all searchable claims could be searched without effort justifying an additional fee, this Authority did not invite payment of any additional fee.

3. As only some of the required additional search fees were timely paid by the applicant, this international search report covers only those claims for which fees were paid, specifically claims Nos.:

4. No required additional search fees were timely paid by the applicant. Consequently, this international search report is restricted to the invention first mentioned in the claims; it is covered by claims Nos.:

Remark on Protest

The additional search fees were accompanied by the applicant's protest.

No protest accompanied the payment of additional search fees.

INTERNATIONAL SEARCH REPORT

Information on patent family members

Internat Application No
PCT/NZ 96/00046

Patent document cited in search report	Publication date	Patent family member(s)		Publication date
WO-A-9404979	03-03-94	AU-B-	4806193	15-03-94

GB-A-2206265	29-12-88	US-A-	4850007	18-07-89
		AU-B-	607233	28-02-91
		AU-B-	1838588	05-01-89
		CA-A-	1286759	23-07-91
		JP-A-	1017553	20-01-89
		JP-C-	1764247	28-05-93
		JP-B-	4058221	16-09-92

EP-A-0308224	22-03-89	US-A-	5025372	18-06-91
